

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *The new KOEWPW 31 was 1bp tighter this morning. The new LLOYDS 6.625 Perp rose 0.3pt. MTRC/PTTGC Perps were 0.2-0.5pt higher. We saw buyers for front-end FRNs and LGFVs.*
- **MEITUA:** *FV of the new 5.5yr/7yr/10yr USD bonds to be c40bps lower than IPT at T+130/140/150bps, respectively. MEITUAs were unchanged this morning. See below.*
- **PEAKRN:** *Peak Reinsurance PerpNC5.25 IPT at 6.1%. The Perp will qualifies as Tier 2 under HKRBC regime with regulatory capital amortization between years 5.25-10.25; no mandatory distribution deferral or principal loss absorption. Option distribution deferral subject to dividend stopper and 6-month look-back pusher. Asian lifers were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

The tone was firm in Asia IG space yesterday amid positive US-China trade talk progress over the weekend as well as expectation of another rate cut on Oct FOMC meeting. Across Asia IG space was 1-5bps tighter. We saw better buying on TW lifers SHIKON/NSINTW/FUBON with 2-5bps tighter. In Chinese TMT space, MEITUA curve traded heavy amid new USD/CNH mandate and were unchanged at close. See comments on new issues below. KR space was generally steady with 1-3bps tighter, but we saw Chinese AM selling on the HYUELE curve. In financials, FRN space were mixed two way on AU/KR bank papers. JP AT1s and insurance hybrids NOMURA/MUFG/FUKOKU led their respective sectors 0.3pt higher as RM continued to load exposure in Perps. Meanwhile, we continued to see RM/AM buying HSBC/INTNED/ALVGR, and BNP/SOCGEN/ACAFP despite Moody's negative outlook on France. UBS flows remained limited to two-way from retail. HSBC Perps were unchanged to 0.4pt higher, despite HSBC will make a provision of USD1.1bn in its consolidated financial results for 3Q25. The impact to its CET1 ratio will be c15bps. HSBC's CET1 ratio will remain over 200bps above regulatory level even factoring into the provision and privatization of Hang Seng Bank. Yankee AT1s climbed by up to c0.3pt. Indian NBFC IHFLIN 27-30s were 0.4-0.7pt higher. MUTHIN 28-30s increased 0.2-1.0pt. In properties, FAEACO 12.814 Perp was 1.7pts higher. LASUDE 26 rose 1.6pts. See our comment on Lai Sun's FY25 results on 27 Oct'25. NWDEVL Perps were 1.2-2.3pts higher while NWDEVL 27-31 were 0.2-0.8pt higher. VNKRL 27-29 decreased 0.1-0.7pt. Elsewhere, EHICAR 26-27 were 1.3-2.4pts higher. GLPSP Perps/28 rose 0.7-0.9pt. GWFOOD 30 was 0.4pt lower. In SEA Corps, MEDCIJ 29-30s were 0.4-0.6pt higher. VEDLN 28-33s increased 0.2-1.1pts. VLLPM 29 down 1.1pts.

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LGFVs had an overall stable session, as IG and onshore AAA-guaranteed papers continued to see moderate buying flows from RM. CDECST 27 down 0.5pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 7 09/21/26	82.6	2.4	VLLPM 9 3/8 07/29/29	60.9	-1.1
NWDEVL 4 1/8 PERP	42.2	2.3	VNKRLE 3 1/2 11/12/29	65.7	-0.7
NWDEVL 6 1/4 PERP	41.0	2.2	CIFIHG 5 1/2 01/23/23	9.8	-0.5
NWDEVL 4.8 PERP	40.3	1.9	CDECST 6 1/2 11/18/27	97.8	-0.5
FAEACO 12.814 PERP	73.1	1.7	CIFIHG 6.45 11/07/24	10.0	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.23%), Dow (+0.71%) and Nasdaq (+1.86%) were higher on Monday. 10/30yr UST yield was lower on Monday while 2/5yr UST yield was unchanged. 2/5/10/30 yield was at 3.48%/3.61%/4.01%/4.57%.

❖ Desk Analyst Comments 分析员市场观点

- **MEITUA: FV of the new 5.5yr/7yr/10yr USD bonds to be c40bps lower than IPT at T+130/140/150bps, respectively**

Meituan plans to issue USD and CNH senior unsecured bonds (Baa1/A-/BBB+). We view the fair value of the 5.5yr/7yr/10yr USD bonds to be T+90/100/110bps vs IPT at T+130/140/150bps, respectively, in view of the current valuation of MEITUA 29-30s and its peers, with adjustments for tenor premium, heavier primary supply under the dual-currency program, and Meituan's near-term profitability pressure from price wars. See Table 1. The proceeds will be used to refinance offshore debts and other general corporate purpose.

Table 1: MEITUAs and its peers

Security name	Amt o/s (USDmn)	Px	YTW	T-spread (bps)	Z-spread (bps)	Issue rating (M/S/F)
MEITUA 4.625 10/02/29	1,300	100.7	4.4%	84	117	Baa1/A-/BBB+
MEITUA 3.05 10/28/30	1,250	93.8	4.4%	85	114	Baa1/A-/BBB+
XIAOMI 3 % 04/29/30	600	96.6	4.2%	60	91	Baa1/BBB/BBB
XIAOMI 2 % 07/14/31	800	92.8	4.3%	70	96	Baa1/BBB/BBB

Source: Bloomberg

Meituan is a leading platform for local commerce and on-demand delivery service provider in China. Its one-stop platform covers hundreds of local commerce categories with over 100mn average daily orders, and drives cross-selling opportunities from food delivery to in-store, hotel, travel, instashopping, to bike and ride sharing. Meanwhile, Meituan is expanding its business overseas. It expanded to 20 cities in Saudi Arabia as of Jul'25 and ranks among top 2 players, launched Keeta in Qatar in Aug'25 and in Kuwait in Sep'25. In Dubai, Keeta was launched in Sep'25 while Keeta Drone obtained licenses and was launched in Dec'24.

As discussed before, we view the current price wars in the food delivery sector in the mainland China weighs on Meituan's profitability. As per Meituan, it expects to incur a loss in its core local commerce segment in 3Q25. That said, we expect continued regulatory briefings and platform pledges to regulate promotions support a base case of orderly competition rather than a reversion to irrational price wars. In 1H25, Meituan generated revenue of RMB178.4bn and adjusted LTM EBITDA of RMB41.1bn. In Jun'25, Meituan's net cash position

further increased to RMB120.0bn, supported by operating cash inflow, albeit lower, during 1H25 and lower total debts. Over the past 5 years, Meituan's net cash position has averaged RMB68.2bn.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea East-West Power Co	300	5.5yr	4.0%	T+48	Aa2/-/AA-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Meituan	USD	-	5.5yr/7yr/10yr	T+130/T+140/T+150	Baa1/A-/BBB+
Peak Reinsurance	USD	-	PerpNC5.25	6.1%	Baa3/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB82bn. As for month-to-date, 1,509 credit bonds were issued with a total amount of RMB1,393bn raised, representing a 20.8% yoy increase
- [BARC]** Barclays Plc issues SGD500mn PerpNCD'31 AT1 at 4.65%; automatic conversion upon trigger event when the fully loaded CET 1 ratio is less than 7% at any time
- [FOSUN]** Fosun seen likely to reject GBP400mn (cUSD532mn) offer for UK soccer club Wolverhampton Wanderers
- [LLOYDS]** Lloyds issues USD1bn PerpNC10 AT1 at 6.625%; trigger event shall occur on any date if CET 1 ratio falls below 7% on any date
- [MEITUA]** Meituan's 5yr/10yr dim sum bonds IPT at 3.1%/3.5%, respectively
- [MINAU]** Mineral Resource to receive AUD200mn (cUSD130mn) milestone payment for achieving Onslow haul road target
- [PGEOIJ]** Pertamina Geothermal Energy 9M25 revenue rises 4.2% yoy to USD318.9mn
- [PKX]** POSCO Holdings 3Q25 EBITDA falls 8.2% yoy to KRW1.7tn (cUSD1.2bn)
- [NSANY]** Nissan Motor 1HFY26 global production falls 5.3% yoy to 1.44mn units
- [NSINTW]** Nan Shan Life 9M25 first-year premiums rise 10.7% yoy to TWD71.7bn (cUSD2.3bn)
- [NWDEVL]** NWD secures over HKD3.9bn from State Pavilia project; over HKD16bn from Fleur Pavilia project
- [RIOLN]** The Swiss National Bank sold its stake in Rio Tinto worth USD227mn, part of its action to move away from extractive industries

- **[SHCMBK]** Fitch downgraded Shanghai Commercial Bank by one notch to BBB+ from A-; outlook stable
- **[SJM HOL]** SJM Holdings to shut down satellite casino, Casino Emperor Palace, on 30 Oct'25, ahead of schedule

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